



## **CMS Medicare FFS Provider e-News** *Brought to you by the Medicare Learning Network®*

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### **Friday, November 2, 2012 — CMS Issues ESRD and Home Health Payment Rules**

- [Medicare Finalizes the Provisions for the End-Stage Renal Disease Prospective Payment System, Quality Incentive Program, and Bad Debt Reductions for All Medicare Providers](#)
- [Home Health Prospective Payment System Rate Update for Calendar Year 2013, Hospice Quality Reporting Requirements, and Survey and Enforcement Requirements for Home Health Agencies](#)

### **Medicare Finalizes the Provisions for the End-Stage Renal Disease Prospective Payment System, Quality Incentive Program, and Bad Debt Reductions for All Medicare Providers** [[↑](#)]

On Friday, November 2, CMS issued a final rule that will update Medicare policies and payment rates for End-Stage Renal Disease (ESRD) facilities, while strengthening incentives for improved quality of care and better outcomes for beneficiaries diagnosed with ESRD. The provisions will affect payments for outpatient maintenance dialysis treatments furnished on or after January 1, 2013 under the bundled ESRD Prospective Payment System (PPS) that was implemented in CY 2011.

CMS is projecting that payment rates for outpatient maintenance dialysis treatments will increase by 2.3 percent, representing a projected inflation (or ESRD bundled market basket) increase of 2.9 percent reduced by a projected productivity adjustment of 0.6 percent. CMS estimates that payments to ESRD facilities in 2013 will total \$8.4 billion.

The rule also makes changes to the ESRD Quality Incentive Program (QIP) that provides payment incentives to dialysis facilities to improve the quality of dialysis care. Under the ESRD QIP, facilities that do not achieve a high enough Total Performance Score with respect to quality measures established in regulation receive a reduction in their payment rates under the ESRD PPS of up to 2 percent. Please refer to the [ESRD Quality Improvement Initiative](#) website.

CMS is also codifying the provisions of section 3201 of the Middle Class Tax Extension and Job Creation Act of 2012 (Pub. L. No. 112-96) that require reductions in bad debt reimbursement to all Medicare providers eligible to receive bad debt reimbursement; these provisions are specifically prescribed by statute and thus, are self-implementing. This reduction in bad debt reimbursement is projected to yield savings to the program of \$10.9 billion over 10 years. The rule also removes the cap on reimbursement of bad debt to ESRD facilities.

The rule ([CMS-1352-F](#)) can be viewed on the [ESRD Payment](#) website. For more information, see the CMS [fact sheet](#).

### **Home Health Prospective Payment System Rate Update for Calendar Year 2013, Hospice Quality Reporting Requirements, and Survey and Enforcement Requirements for Home Health Agencies** [\[↑\]](#)

Medicare Program; Home Health Prospective Payment System Rate Update for Calendar Year 2013, Hospice Quality Reporting Requirements, and Survey and Enforcement Requirements for Home Health Agencies [final rule](#) was put on display at the Office of the Federal Register on November 2, 2012. This final rule updates Medicare's Home Health Prospective Payment System (HH PPS) payment rates for CY 2013. Payments to home health agencies (HHAs) are estimated to remain virtually unchanged (decreasing by approximately 0.01 percent or -\$10 million). This reflects the net effect of a 1.3 percent home health payment update, an updated wage index, an update to the fixed-dollar loss (FDL) ratio, and a case-mix coding adjustment intended to offset coding changes unrelated to changes in patient health needs. The rule also rebases and revises the home health market basket, allows additional regulatory flexibility regarding therapy reassessments and face-to-face encounter requirements, and extends certain hospice quality reporting requirements to subsequent years. Lastly, this rule establishes new survey and certification requirements for HHAs and provides a number of alternative (or intermediate) sanctions if HHAs were out of compliance with Federal requirements.

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